

HOUSE BILL REPORT

SB 5713

As Passed House:

April 5, 2005

Title: An act relating to rehabilitating multiple-unit housing.

Brief Description: Assisting tenants in multiple-unit housing proposed for rehabilitation.

Sponsors: By Senators Regala, Franklin and Kohl-Welles.

Brief History:

Committee Activity:

Housing: 3/22/05, 3/24/05 [DP].

Floor Activity:

Passed House: 4/5/05, 94-0.

Brief Summary of Bill

- Enables property owners to utilize the multi-unit housing tax exemption program if their property is currently occupied, with the condition that they must provide tenants with housing of comparable size, quality and price as well as a reasonable opportunity to relocate.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass. Signed by 9 members: Representatives Miloscia, Chair; Springer, Vice Chair; Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune, Ormsby, Pettigrew, Schindler and Sells.

Staff: Robyn Dupuis (786-7166).

Background:

Current law provides a property tax exemption as an incentive to encourage the rehabilitation or construction of new multi-unit housing in certain urban centers, with the intended additional effects of promoting community development, affordable housing, neighborhood revitalization, and limiting urban sprawl.

The tax exemption provides that new housing construction and the rehabilitation of existing buildings that meet certain criteria is exempt from property taxation for 10 successive years, following the calendar year that the eligibility requirements were met. The exemption does not include the value of the land, non-housing related improvements, and construction improvements to existing buildings that were made prior to applying for the exemption.

To qualify for the tax exemption, the new or rehabilitated multiple-unit housing must meet the following general criteria:

- be located within a residential target area, as designated by the city;
- meet any guidelines adopted by the governing local government, which may include, among other requirements, height, density, public benefit features, and low or moderate income occupancy requirements;
- have at least 50 percent of the space within the structure dedicated to permanent residential occupancy;
- be completed within three years from the date of application approval;
- be vacant at least 12 months before submitting an application and fail to meet applicable building or housing codes, if it is a property that is proposed for rehabilitation; and
- the applicant and the city must contractually agree to the terms and conditions of development.

Summary of Bill:

A property proposed for rehabilitation is not required to be vacant 12 months prior to application for the exemption. If a building is occupied, the property owner must provide existing tenants with comparable housing and a reasonable opportunity to relocate.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The multiple unit dwelling tax exemption program has been a huge success, for example, in Tacoma alone it has already produced 1,200 housing units and many other projects are underway. Because of the restrictions of the legislation stating that a dwelling must be vacant for 12 months before renovation, however, many small developers and smaller urban centers (neighborhoods) have not been able to take advantage of the program. Small developers do not want to leave their property vacant for 12 months because of the higher risk of crime, vandalism, loss of rental income and higher insurance costs. As long as tenants are not displaced due to the renovation project, it is unnecessary to mandate that the dwelling remain vacant for so long or at all in some cases.

Testimony Against: None.

Persons Testifying: Bill Evans, City of Tacoma; and Erling Kuester, Realtor and Developer.

Persons Signed In To Testify But Not Testifying: None.